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Note by the Secretariat

Addendum**

Indigenous issues and the Inter-American Development Bank

Summary

In responding to the request for information regarding action taken or planned by the Inter-American Development Bank based on the recommendations adopted by the Permanent Forum on Indigenous Issues at its third session in May 2004, the present report presents a general overview of how indigenous issues have evolved both in policy and in practice at the Bank, and then addresses each of the thematic areas outlined in the Forum's report. Most of the documents referenced in this report can be accessed through the Bank website, specifically under the Indigenous Peoples and Community Development Unit (at http://www.iadb.org/sds/ind).

* E/C.19/2005/1.

** The present document was submitted late to ensure the inclusion of the most recent information.

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I. General overview

1. As part of its environmental quality process, since the mid-1980s, the Inter-American Development Bank had begun to systematically address indigenous safeguard measures in projects that might have impacts on indigenous communities, especially those potentially affected by infrastructure projects in tropical lowlands and other environmentally fragile ecosystems. This increasing concern led to the adoption in 1990 of internal guidelines for use by the predecessor of the Committee on Environmental and Social Impact which systematically reviews all operations in the early stage of a project, and formulates recommendations as to their further design and implementation. These guidelines, entitled "Strategies and Procedures on Socio-Cultural Issues as related to the Environment", contain a specific chapter on indigenous groups that provides guiding principles and orientation for Bank action on issues such as protection of indigenous lands, recognition of individual and collective rights, institutional strengthening and protection of cultural heritage.

2. Ever since the establishment of the Inter-American Development Bank in 1959, indigenous communities and organizations have been beneficiaries of some of its social programmes in health and education, and especially in microentrepreneurial development. However, in 1994, as part of the mandate of the Eighth Replenishment, the Board of Governors of the Bank adopted a more proactive focus in order to address the needs and aspirations of indigenous groups in its mainstream operations oriented towards poverty reduction and social equity. Specifically, the Eighth Replenishment mandate refers to indigenous peoples as follows:

> Indigenous groups, who comprise a distinct and significant segment of the population of the region, are endowed with a rich cultural and linguistic heritage and have developed social and economic practices that are well suited to the fragile ecosystems they inhabit. Indigenous groups typically belong to the poorest economic strata. Accordingly, project design and execution should seek to strengthen the capacity of indigenous groups to undertake and implement development projects. In recognition of the important role of indigenous groups as both contributors to and beneficiaries of future development efforts in the region, the Bank will step up its efforts to obtain additional financing for programmes benefiting indigenous groups in order to adequately address their needs (AB-1704 (8/94), p. 22).

3. The Indigenous Peoples and Community Development Unit, which was created in 1994 as a focal point for indigenous issues, supports the Bank, in effectively responding to the challenges of the Eighth Replenishment in this area. The Unit is responsible for the development of Bank policies, strategies, best practices, methodologies and operational guidelines; actively participates in the Committee on Environmental and Social Impact; supports project teams on an as-needed basis in the design and monitoring of Bank projects involving indigenous peoples; and plays a leadership role in developing innovative, experimental or pilot projects for indigenous development. One regional initiative that the Bank has helped establish is the Indigenous Peoples Fund (*Fondo Indígena*), launched by the Ibero-American Summit of Heads of State held in Madrid in 1992 and headquartered in La Paz, Bolivia, as a bipartite independent international organization that aims to foster dialogue and consensus-building between indigenous peoples and Governments and provides support for pre-investment

projects in the areas of capacity-building, training, project preparation and feasibility, and pilot initiatives or demonstration projects. The Indigenous Peoples and Community Development Unit of the Bank has published a significant number of analytical and best practice reports, as well as operational guidelines on indigenous issues in Latin America and the Caribbean, all of which are available on the Internet. It also maintains a database on projects in the Bank's portfolio of operations that are intended to benefit indigenous peoples.

4. Since 1994, the number of projects that target indigenous communities or include ethnospecific design elements have increased significantly, although much more needs to be done in terms of improving project quality and participation processes. During the three-year period from 1999 to 2001, the number of Bank projects that specifically addressed indigenous issues amounted to an average of close to 20 per cent of all new loan operations. This increase in operations included not only projects for land-use planning, titling (which sometimes incorporate measures for the collective titling of ancestral lands), environmental protection and sustainable development of natural resources, but also — and especially — projects in the social area, including health, education and, particularly, social development funds for community infrastructure and entrepreneurial development, as well as social safety net programmes.

5. In the last two years, and as a result of increasingly demand-driven and participatory approaches to project design, a new generation of territorially focused integrated community development projects is emerging that aim at empowering indigenous communities to play the lead role in planning, designing and executing their development priorities in a way that is environmentally sustainable and socioculturally appropriate. Several of these projects are specifically earmarked for indigenous peoples in rural areas, and are based on a three-pronged strategy that seeks to strengthen the traditional economy as the basic social safety net and the basis for cultural reproduction, to reduce discrimination and increase opportunities in the markets for labour, goods and services, and to develop the comparative advantages of indigenous assets in terms of land and natural resources, cultural heritage and social capital, in an increasingly global economy with niche markets for highly valued indigenous goods and services. This strategy would enable indigenous peoples not only to improve their socio-economic conditions as reflected by conventional poverty indicators, but also to ensure their long-term viability and to strengthen their natural, cultural and social asset basis. Although these programmes present particular challenges in terms of their institutional framework and monitoring mechanisms, their emphasis on participatory planning, capacity-building, empowerment, consensus-building and negotiation are seen to be consistent with indigenous peoples' rights to, and demands for, greater control over their resources and their future and increased participation in the economic and political life of their countries.

6. These emerging general principles and operational practices are also consistent with the mandates emanating from several international forums that are specifically dealing with indigenous issues, including, among others, the Plan of Action of the Third Summit of the Americas, held in Quebec City, Canada, from 20 to 22 April 2001, for which the Bank committed support for strengthening indigenous territories, biodiversity management and indigenous development in Central America, as well as community-driven development for afrodescendant and indigenous peoples. Other mandates, emanating from the World Conference against

Racism, Racial Discrimination, Xenophobia and Related Intolerance, held in Durban, South Africa, from 31 August to 8 September 2001, the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002, the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, the Millennium Development Goals, and the first three sessions of the Permanent Forum on Indigenous Issues, are setting the framework for a further increase in resource allocation, policy dialogue with Governments and quality improvements in the Bank's lending portfolio.

7. Although the Inter-American Development Bank is not part of the United Nations system, since 1992, the Bank has maintained close cooperation with several related organizations, including the World Bank, the United Nations Development Programme (UNDP), the Pan American Health Organization (PAHO), the International Fund for Agricultural Development (IFAD), the International Labour Organization (ILO) and *Fondo Indigena*, as well as several bilateral organizations, with respect to coordination on policy and operational issues in Latin America and the Caribbean. In fact, the Inter-American Development Bank together with the World Bank had launched the inter-agency network on indigenous issues which held its first inter-agency meeting in Washington, D.C., in 1991. Since then, the network has formally met on five other occasions. The latest meeting, held in October 2004 in Quito, Ecuador, and organized by *Fondo Indigena* with strong support from the German development cooperation agencies, undertook to review the results of the first International Decade of the World's Indigenous People. The reports of these meetings are available on the Development Gateway web page on indigenous issues.

8. In 2003, the Board of Directors of the Inter-American Development Bank approved the preparation of a comprehensive set of institutional strategies aimed at providing orientation on where and how to adjust its operational and policy work to the new development agendas put forward by these international forums. Several of these new strategies, especially those in the area of environment, poverty reduction, social development, and participation of civil society, place particular emphasis on the need to specifically address the demands and needs of indigenous peoples, recognize and foster indigenous rights, respect and promote cultural identity, knowledge and language, and develop genuine consultation and participation processes. Special mention should be made of the Social Inclusion Action Plan, which sets out specific targets for increasing the number of operations focused on indigenous peoples and other excluded groups, emphasizes actions aimed at strengthening policy dialogue with Governments, promotes training and capacity-building among stakeholders including Bank staff, and advocates greater ethnic diversity among Bank staff.

9. In light of these developments, in 2003, the Bank started preparing a Strategy on Indigenous Development that would provide orientation on the specific activities, in terms of both financial and non-financial products, directed towards strengthening its work in favour of indigenous peoples. As a result of initial discussions within the Bank and with indigenous leaders regarding the purpose and scope of this Strategy, a decision was taken to complement it with an Operational Policy on Indigenous Peoples. The Policy is mandatory and focuses on safeguards with respect to preventing any negative impacts on indigenous peoples as a result of Bank-financed projects, whereas the Strategy provides orientation and focuses on the Bank's proactive role in fostering "development with identity". The profiles (or

concept notes) for both documents were endorsed by the Bank's Board of Directors in March 2004. The final drafts of both documents are scheduled to be reviewed by the Board of Directors by mid-2005. During the preparation process, special emphasis was placed on consultation with indigenous representatives. An unprecedented number of meetings, totalling more than 40 events, were organized at the national and regional levels, including parallel events during the second and third sessions of the Permanent Forum on Indigenous Issues. Approximately 1,200 indigenous leaders and experts were consulted, of which more than 70 per cent were indigenous, and of those, more than 40 per cent were indigenous women.

10. The overriding goal of the Strategy on Indigenous Development is to support and promote the development with identity of indigenous peoples. The Strategy proposes to support indigenous peoples in their self-development in three interdependent areas, according to the different degrees of articulation of indigenous peoples with mainstream society. Those areas would encompass (a) strengthening indigenous territories and their governance; (b) reducing marginalization and exclusion of indigenous peoples from participating in and benefiting from mainstream development; and (c) enabling the comparative advantages of indigenous natural, cultural and social resources in an increasingly globalized society in order to improve living conditions and preserve and develop those resources.

II. Specific issues of concern to the Permanent Forum on Indigenous Issues

A. Indigenous women

11. The Bank supported and helped organize the first Indigenous Women's Summit of the Americas, held in Oaxaca, Mexico, from 30 November to 4 December 2002 pursuant to the initiative of the Indigenous Initiative for Peace, the Continental Network of Indigenous Women, the International Forum of Indigenous Women, and the Rigoberta Menchu Tum Foundation. This Summit, which brought together more than 320 women from the Americas, set ambitious goals with respect to promoting the recognition of indigenous women as constituting a powerful force for change in their communities and in society at large and focused on: (a) human rights and indigenous rights; (b) spirituality, culture and education; (c) empowerment and participation; (d) indigenous development and globalization; and (e) gender from an indigenous women's perspective.

12. To help implement the goals defined in the action plan, the Bank has: (a) strengthened and expanded its Programme for the Support of Women's Leadership and Representation (PROLEAD) by supporting an indigenous women's capacity-building project in the Andean region; (b) ensured that the new indigenous development strategy would recognize the special roles, challenges and contributions of indigenous women; and (c) facilitated the promotion of indigenous women's issues in policy dialogue and in several development projects supported by the Bank. In addition, the Bank is supporting the collection and analysis of statistics and development indicators disaggregated by gender and ethnicity in order to improve public policies and resource allocation, through such initiatives as the household survey project on the Measurement of Living Conditions in Latin

America and the Caribbean (MECOVI), several conferences and seminars on data gathering and analysis (*Todos Contamos*) and country-based research on the disaggregation of the Millennium Development Goals.

B. Education

13. While the Bank has been supporting bilingual intercultural education programmes for several years, the institution is currently undertaking an effort to systematize its lessons learned with a view towards better defining its potential role in this area, consistent with the strategy on education currently in preparation.

14. In an effort to meet the increasing demand expressed by indigenous peoples for improved access to quality higher education, another study is under way to assess current supply and demand for post-secondary higher education of indigenous peoples, including the review of emerging alternatives such as indigenous universities. The Bank is also joining efforts with other institutions, such as the German Agency for Technical Cooperation (GTZ) and the Indigenous Peoples Fund to help define possible support in this area of high priority to indigenous peoples.

C. Culture

15. The importance of cultural heritage as a vehicle for sustainable socio-economic development and the strengthening of cultural identity is increasingly recognized in the more integrated community development programmes referred to above. In fact, the Indigenous Peoples and Community Development Unit has finalized guidelines for "ethno-engineering" which would enable the planning, design and construction of community infrastructure using local decision-making processes, traditional knowledge and materials and participatory community-based execution mechanisms.

16. Another set of guidelines on "cultural land-use analysis" is being finalized. This Global Positioning System (GPS)-based methodology, which calls for the systematic understanding of local concepts, knowledge and practices related to management of lands and natural resources, would be a complement to land-use planners' tools and would provide for more culturally sensitive land-use plans that empowered local people to pursue mutually agreed upon sustainable development and conservation goals.

17. Also in the process of being finalized are guidelines on sociocultural assessment, which provide Bank staff with orientation on how to ensure appropriate and participatory diagnostic assessments, consultation and participation mechanisms and social auditing in socioculturally distinct communities. These guidelines will be finalized in coordination with similar efforts at the World Bank and the Asian Development Bank to help ensure that the institution's practice regarding indigenous peoples is consistent with internal operational policies and with internationally recognized standards.

D. Human rights

18. In addition to the strong focus on indigenous rights in its new Operational Policy on Indigenous Peoples and the Strategic Framework for Indigenous Development, the Bank is increasingly addressing indigenous rights issues as part of its standard environmental and social quality control procedures. To assist in this process, the Indigenous Peoples and Community Development Unit developed the Indigenous Legislation Database, which is a comparative databank of all legislation on indigenous issues, organized by subject matter, in all countries of Latin America. It also provides an analysis of the state of this legislation as compared with that of international legal standards, and is a very useful tool for indigenous organizations, Governments and legal authorities interested in developing new or improved legislation. Dissemination and training on the use of this database are being carried out through the Inter-American Institute of Human Rights based in Costa Rica.

19. In several mainstream operations in support of justice reform as well as in some pilot projects, the Bank is supporting the articulation of indigenous customary law and jurisprudence with the formal national legal system.

20. Finally, at the invitation of the secretariat of the Permanent Forum on Indigenous Issues, in January 2005, the Bank actively participated in the International Workshop on Methodologies regarding Free, Prior and Informed Consent and Indigenous Peoples (see E/C.19/2005/3 for the report thereon).

E. Economic and social development

21. The Bank has a long tradition of reaching out to indigenous producers through its social entrepreneurship programme. This is especially significant inasmuch as indigenous peoples continue to have limited access to financial services and are increasingly interested in exploring alternatives to conventional credit financing, including the revival of traditional mechanisms of reciprocity and exchange, which may involve monetary or non-monetary transfers of goods and services. In order to justify these alternative approaches, the Bank is seeking to undertake several studies through which to assess the impact of land titling projects on access to credit, which would complement an earlier study on indigenous peoples and land titling programmes. Other initiatives supported by the Bank on a pilot basis include equity financing and technological and management support through joint ventures (for example, with indigenously owned enterprises in developed countries) and other equity financing mechanisms. Some of the pilot initiatives currently being supported include projects in the mining, hydrocarbon and ecotourism sectors. During a December 2004 seminar at Bank headquarters, these concepts and experiences were discussed with a group of Canadian native entrepreneurs with a view to strengthening cooperation in this area.

22. In line with its three-pronged strategy to strengthen the traditional economy, reduce inequities and promote opportunities in the formal sector and develop innovative approaches to drawing on the natural, cultural and social assets of indigenous peoples as a means to enable the accessing of market niches and improving socio-economic conditions while strengthening cultural identity, the Bank is increasingly developing more integrated approaches to development that are based on the principles of participatory planning and informed decision-making.

which would enable communities to choose their own combination of the options available to them. In this regard, and as mentioned above, several of the newer-generation integrated watershed management programmes and rural community development projects include this more holistic integrated approach which emphasizes institutional strengthening and capacity-building as essential ingredients for ensuring the success of these programmes.

23. During 2005 and 2006, as part of its plan of action on the implementation of its Strategy on Indigenous Development, the Bank will continue to undertake work on best practice research, pilot project development, and mainstreaming of support for indigenous productive activities in cutting-edge economic development initiatives of indigenous peoples, which will culminate in an international conference to be held during 2006.

F. Environment

24. The Bank is increasingly recognizing indigenous peoples as important allies in protecting the natural environment and promoting the sustainable management of natural resources, given their close relationship to their land. Participatory watershed management projects are increasingly focusing on the need to draw on the knowledge and technology of indigenous peoples and to achieve an approach that strengthens the traditional stewardship of indigenous peoples of the lands they have traditionally occupied. An especially interesting initiative is the indigenous community consultation process for the integrated management of indigenous territories in the Mesoamerican Biological Corridor which generated community-based proposals for a Global Environment Facility (GEF)-funded integrated environmental protection and community development programme, which is currently in the execution stage. This project has adopted the above-mentioned innovative GPS-based methodology of cultural land-use analysis to foster more culturally sensitive land-use planning as well as community ownership of sustainable management and conservation objectives.

G. Health

25. During 2005, and as a result of earlier inter-agency work on indigenous health that led to the drafting at the Bank of a technical note on indigenous health, the Indigenous Peoples and Community Development Unit initiated a best practice study on the articulation of indigenous and allopathic health systems in Latin America with the support of Canadian native health experts. While there is consensus on the targeting of national health programmes at indigenous peoples, which is becoming increasingly more efficient, there is less consensus on whether — and if so, when — to integrate traditional health practices with allopathic medical services as part of national health policies.

H. The Millennium Development Goals

26. Together with other international organizations, the Inter-American Development Bank has made the achievement of the Millennium Development Goals in Latin America and the Caribbean a priority. In fact, the Bank mandates of

reducing poverty and of ensuring sustainable economic growth are fully consistent with the Goals. Whereas between 1990 and 1994, approximately 29 per cent of total Bank lending had been directed towards the five sectors directly related to the attainment of the Goals, this proportion increased to 43 per cent for the period 1995-2003.

27. The Inter-American Development Bank is working towards building political consensus in the region by reinforcing its country dialogue linking the Millennium Development Goals to country strategies and programming. In addition, its sector strategies, including the Strategy on Indigenous Development currently under preparation, are emphasizing a results-based approach to achieving the Goals. To this end, the Bank is actively supporting interagency efforts (with the Economic Commission for Latin America and the Caribbean, UNDP and the World Bank) to improve the monitoring of the progress in achieving the Goals, including capacity-building of census bureaux and statistical institutes, as well as reinforcing its important MECOVI programme designed to improve household surveys on living conditions in the region.

28. The new Strategy on Indigenous Development addresses the opportunities and risks for indigenous peoples associated with the Millennium Development Goals, focusing on such complex issues as the need for disaggregated data and targets by ethnicity, and the need for culturally specific approaches to achieving the Goals, as well as policy dialogue to ensure that indigenous peoples are not left behind in the effort to achieve the aggregate goals at the national level. To this end, during the in-country seminars on the Goals that the Bank has been organizing with government officials and civil society representatives, the specific issues related to indigenous peoples and afrodescendants are being increasingly addressed. Similarly, the Bank is supporting inter-agency efforts, including the United Nations Inter-Agency Support Group on Indigenous Issues, to help raise the visibility of this issue and to support specific initiatives to ensure that indigenous concerns related to the Goals are addressed during the next 10 years of their implementation.